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Paper No.

EWB

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

OK Toys, Inc.
v.
Youfu Kou Chao Industrial Co., Ltd.

Cancellation No. 24,959

Mark B. Harrison for OK Toys, Inc.

Donald C. Casey for Youfu Kou Chao Industrial Co., Ltd.

Before Hanak, Quinn and Bucher, Administrative Trademark
Judges.

Opinion by Hanak, Administrative Trademark Judge:

OK Toys, Inc. (petitioner) seeks to cancel
Registration No. 1,780,424 owned by Youfu Kou Chao
Industrial Co., Ltd. (respondent). This registration is
for the mark OK and design for "toys; namely, building
blocks." It issued on July 6, 1993 with a claimed first
use date and a claimed first use date in commerce of July
25, 1987.

The petition to cancel was filed with the PTO on
April 10, 1996. Obviously, this filing date is within

five years of the date on which the registration was issued, namely, July 6, 1993. In the petition, petitioner alleged that it had made continuous use in interstate commerce since July 1, Canc. No. 24,959

1985 of its mark OK TOYS and design for various types of toys. Continuing, petitioner alleged that the contemporaneous use of its mark and respondent's mark for toys is likely to cause confusion, mistake or deception among the purchasing public. While the petition to cancel did not make specific reference to Section 2(d) of the Trademark Act, it is clear that this is the basis for the petition.

Respondent filed an answer which denied the pertinent allegations of the petition to cancel.

This matter is now ready for final adjudication. Petitioner has filed a brief and a reply brief. Respondent has filed a brief. Neither party requested a hearing.

The record in this case is summarized at page 2 of petitioner's brief. At page 3 of its brief, respondent states that it "agrees to the description of the record in petitioner's brief, page 2."

In order to bring a successful petition to cancel pursuant to Section 2(d) of the Trademark Act, petitioner must establish that it has prior rights in a mark or trade name, and that there exists a likelihood of confusion resulting from the contemporaneous use of its mark or trade

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name and respondent's mark. In an order dated March 4, 1998 this Board stated at page 8 that it would "treat respondent's failure to address petitioner's arguments regarding the issue of likelihood of confusion as a concession of the same." Continuing, the Board then stated at pages 8 and 9 that "the sole issue to be determined in connection with petitioner's motion for summary judgment is which party has priority of use of its respective mark." The Board found that there existed a genuine dispute of fact as to priority of use, and accordingly denied petitioner's motion for summary judgment.

However, the important point to be drawn from the Board's order of March 4, 1998 is that the Board found that there existed a likelihood of confusion resulting

from the contemporaneous use of petitioner's mark OK TOYS and design for various toys and respondent's mark OK and design for toy building blocks. The parties to this proceeding are fully aware that the issue of likelihood of confusion has previously been adjudicated with a finding that there is a likelihood of confusion. In this regard, at page 1 of its brief petitioner states that "the sole issue to be decided at trial is which of the parties has priority of use of its

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mark." In similar fashion, respondent states at page 3 of its brief that "the sole issue presented herein is priority of use of the mark as a 'trademark to indicate the source of goods, even if that source is unknown.'"

We will consider first respondent's earliest proven first use date in the United States of its mark OK and design for toys. As previously noted, in its application which matured into Registration No. 1,780,424 respondent claimed a first use date anywhere and a first use date in commerce of July 25, 1987. At page 3 of its brief, respondent states that "at least as early as May 1987, respondent's goods were purchased by a Taiwanese trading

company and shipped to a consignee ... in Los Angeles, California." Continuing at page 3 of its brief, respondent states that "while [respondent's] goods may have been marketed in the United States prior to that date [May 1987], and specifically in 1985 and 1986, no corroborating evidence could be found." In support of these two propositions, respondent relies upon the testimony of its president, Mr. Sun. Mr. Sun's testimony establishes that while respondent may have initiated purchase orders for its OK toys in May 1987 and while said toys may have been shipped from Taiwan

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to the United States during June 1987, Mr. Sun's testimony does not establish that respondent sold its OK toys to others in the United States prior to the first use date claimed in its application, namely, July 25, 1987. (Sun deposition 9). As for respondent's allegation that "while goods may have been marketed in the United States prior to that date [May 1987], and specifically in 1985 and 1986, [but] no corroborating evidence could be found," in reality not only could no corroborating evidence be found, but Mr. Sun's testimony is quite vague

in that he merely stated that respondent "has exported and marketed building block [sic] with OK mark earlier in 1985-1986." (Sun deposition 28). However, Mr. Sun did not testify that such exportation and marketing was to or in the United States.

It is clear that when an applicant or later registrant attempts to prove an earlier first use date than set forth in his application or registration, this proof must consist of "clear and convincing evidence." Hydro-Dynamics Inc. v. George Putnam & Co., 811 F.2d 1470, 1 USPQ2d 1772, 1774 (Fed. Cir 1987). Suffice it to say that respondent's "evidence" of an earlier first use date in the United States of its mark OK and design for toys (i.e. prior to July 25,

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1987) is woefully lacking, and falls decidedly far short of meeting the aforementioned "clear and convincing evidence" standard. In sum, we find that at the very best, respondent has established a first use date of its mark OK and design for toys no earlier than July 25, 1987.

We now turn to a consideration of petitioner's

earliest proven first use date of its mark OK TOYS and design. At page 11 of its brief, petitioner claims that it first used its mark OK TOYS and design for toys in the United States "on or about July 1985." In support of its first use date, petitioner relies upon the testimony of its vice president (Mr. Chow) as well as various documents dating back to the summer of 1985. After carefully reviewing Mr. Chow's deposition and the documents attached thereto, we find that petitioner has proven that it has made continuous use in the United States of its mark OK TOYS and design on various toys since at least as early as late August 1985, nearly two years before respondent's first use date in the United States.

In its brief, respondent does not directly challenge the evidence demonstrating that petitioner has used since late August 1985 petitioner's OK TOYS and design mark on

toys. Rather, respondent in its brief attacks the manner in which petitioner used its mark OK TOYS and design in the United States. In essence, it is respondent's position that petitioner's manner of use of its mark in

the United States is not sufficient to bestow upon petitioner trademark rights in the mark OK TOYS and design, and thus is not sufficient to establish that petitioner has priority over respondent. At page 6 of its brief, respondent makes the following statement: "According to [Mr. Chow's] testimony presented, petitioner's business consists of importing goods manufactured by others for resale to [United States] domestic wholesale and retail outlets. Petitioner does not manufacture any goods itself ... and does not sell at retail." Respondent then goes on to note at page 7 of its brief that the packaging for the toys which petitioner sold to various wholesale and retail outlets often bore not only petitioner's OK TOYS and design mark, but also the mark of the actual manufacturer of the toys, including in some instances since as early as 1988 respondent's own manufacturer's trademark OK and design. As a further indication that respondent does not challenge petitioner's first use of petitioner's OK TOYS and design mark in the

manner of petitioner's use of its mark in the United States, reference is made to the following statement found at page 6 of respondent's brief: "However, as described in the Chow deposition at pages 39 and 40, these toy products were available in the United States in 1985-1987, both with petitioner's trademark and without and from petitioner and third parties. See Chow deposition, pages 39 and 40." (emphasis added).

There is no dispute that petitioner does not manufacture toys. There also is no dispute that petitioner does not sell toys to the ultimate purchasers. What petitioner does is to contract with toy manufacturers in Taiwan to have petitioner's trademark OK TOYS and design affixed to the packaging for various toys which are then sold to and shipped to petitioner in Los Angeles. Petitioner in turn resells these toys with its OK TOYS and design trademark on the packaging to various wholesalers and retailers throughout the United States. However, what respondent fails to understand is that by selling to wholesalers and retail stores throughout the United States toys with packaging bearing its mark OK TOYS and design,

petitioner has established trademark rights in this mark dating back to at least late August 1985. Over 100 years ago, the United States Supreme Court rejected a defendant's argument that the plaintiff had no valid trademark rights in the mark LA FAVORITA for flour because plaintiff only distributed and did not manufacture the flour. In so doing, the Court stated the following: "The fact that [plaintiff] Holt & Co. were not the actual manufacturers of the flour upon which they had for years placed the brand in question does not deprive them of the right to be protected in the use of that brand as a trademark." Menendez v. Holt, 128 U.S. 514, 516 (1888). See also 2 J. McCarthy, McCarthy on Trademarks and Unfair Competition Section 16:46 at page 16-75 (4th ed. 2001) ("It is clear that one need not actually manufacture goods in order to acquire and own a valid trademark for the goods. That is, one who only distributes goods made by another can be the 'owner' of a trademark ... This type of mark is known as a 'dealer's mark' or a 'merchant's mark.'").

Moreover, the fact that many of the toys which petitioner sold to wholesalers and retailers with petitioner's OK TOYS and design mark affixed to the

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packaging also bore the trademark of the toy manufacturer does not deprive petitioner of its trademark rights in its "dealer's mark" or "merchant's mark." See 2 J. McCarthy, McCarthy on Trademarks and Unfair Competition Section 16:46 at page 16-78 (4th ed. 2001) ("A single product may bear several marks owned by several distinct entities. That is, a single product may properly bear both a manufacturer's mark and a merchant's mark ... A familiar example is a garment retailed by a department store, such as a suit with a label identifying MACY'S as the retail merchant and CHRISTIAN DIOR as the designer-manufacturer.").

In sum, we find that petitioner has established that continuously since at least late August 1985 it has made proper trademark use of its merchant's or dealer's mark OK TOYS and design in the United States by selling toys whose packaging contains this merchant's mark to wholesalers and retail establishments across the United States. The fact that commencing in 1988, petitioner at various times sold toys manufactured by respondent which bore both petitioner's and respondent's marks does not

defeat petitioner's priority. This is because this dual usage of petitioner's mark and respondent's mark did not occur until 1988,

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approximately three years after petitioner's first use in the United States of its merchant's mark OK TOYS and design.

Two final comments are in order. At page 8 of its brief, respondent contends that "petitioner does not control the quality of the goods sold at least before July of 1987." While Mr. Chow's deposition did not indicate that petitioner exercised any formal quality control program in its selection of manufacturers, it is also clear that petitioner did select the manufacturers and thus informally exercised a quality control program over the toys on which it had the manufacturers affix to the packaging petitioner's mark OK TOYS and design. In any event, this Board has made it clear that a merchant's control over its manufacturing source is not a relevant element in enabling the merchant to acquire trademark rights in its merchant's mark. Amica v. R.H. Cosmetics Corp., 204 USPQ 155, 161-162 (TTAB 1979). See also 2 J.

McCarthy, McCarthy on Trademarks and Unfair Competition
Section 16:46 at page 16-77 (4th ed. 2001).

Second, at page 9 of its brief respondent cites the case of Societe Civile v. S.A. Consortium Vinicole, 6 USPQ2d 1205 (TTAB 1988). In that case, the Board made the following statement: "As opposer contends, a U.S.

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distributor of goods manufactured by foreign producer does not acquire the right of ownership in the manufacturer's mark merely by virtue of its activity as the importer and seller of the foreign producer's goods ..." 6 USPQ2d at 1210 (emphasis added). The foregoing is a correct statement of the law. However, it has no application to the facts of the present case. Put quite simply, petitioner is not claiming rights in the trademarks of any manufacturers. Petitioner is claiming trademark rights in its own merchant's or dealer's mark, namely, OK TOYS and design for various toys. The fact that commencing in 1988 and for various years thereafter petitioner imported toys manufactured by respondent which bore both petitioner's and respondent's marks does not, for the reasons discussed above, destroy petitioner's

valid trademark rights in its own merchant's or dealer's mark.

Decision: The petition for cancellation is granted. Registration No. 1,780,424 will be cancelled in due course.